

STATE OF CALIFORNIA
BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

RESOLUTION

No. ACT-11-02

Subject: **Actuarial Policies – Load for Mortality Fluctuation**

- WHEREAS, 1. In accordance with Government Code section 20120, the Board of Administration of the California Public Employees' Retirement System (the "Board") is vested with the management and control of the Public Employees' Retirement System (the "System").
- WHEREAS, 2. Under Article XVI, section 17 of the California Constitution, the Board has plenary authority and fiduciary responsibility for the investment of monies and administration of the System. The Constitution also vests the Board with the sole and exclusive power to provide for the actuarial services in order to assure the competency of the System.
- WHEREAS, 3. In furtherance of its sole and exclusive duty to make actuarial determinations under Section 17, the Board has hired a Chief Actuary to advise the Board and to direct the activities of the Board's professional actuarial staff.
- WHEREAS, 4. Also in furtherance of this sole and exclusive duty to make actuarial determinations, the Board has retained the services of an outside consulting actuarial firm to review the work of the Board's actuarial staff and to certify that such work satisfies professional actuarial standards.
- WHEREAS, 5. Both the Board's Chief Actuary and its consulting actuary have advised the Board to adopt specific written policies regarding the actuarial practices that are most prudent for the System.
- WHEREAS, 6. When determining the amount of the contribution required by an employer at the time of contract termination, Government Code section 20576(a) provides that such amount shall include contingencies for mortality fluctuations.

NOW, THEREFORE, BE IT RESOLVED:

It is the policy of the CalPERS Board to utilize a contingency for mortality fluctuation equal to 7% of the actuarial accrued liability, as determined by the Chief Actuary, at the time of termination of contract. The Board's Chief Actuary is directed to make the actuarial determinations described in Government Code section 20576(a) in accordance with the parameters set forth in this policy, and the Board hereby approves such determinations by the Board's Chief Actuary.

This Resolution shall be effective immediately upon adoption.

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I hereby certify that on the 15th day of June 2011 the Board of Administration of the California Public Employees' Retirement System, made and adopted the foregoing Resolution.

ROB FECKNER, President
Board of Administration